

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-05

SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02 USIA-15

PRS-01 /108 W

----- 102385

P 112041Z APR 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 6131

UNCLAS OTTAWA 1332

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJ: FIRST MINISTERS' CONFERENCE FAILS TO REACH
AGREEMENT ON OIL AND GAS PRICING

REF: A. OTTAWA 1290; B. OTTAWA 1302; C. OTTAWA 1303
D. OTTAWA 1304

POUCHED TO ALL CONSULTATES IN CANADA FOR INFO

1. DISCUSSIONS ON INCREASE IN OIL AND GAS PRICING AT
FIRST MINISTERS' CONFERENCE IN OTTAWA APR 9-10 ENDED IN
FAILURE TO REACH ANY AGREED CONSENSUS. PM TRUDEAU IN
APRIL 10 PRESS CONFERENCE OPENLY ACKNOWLEDGED THAT FROM
THIS POINT OF VIEW CONFERENCE WAS A FAILURE EVEN BEFORE
IT OPENED, BUT, NEVERTHELESS, HE THOUGHT IT HAD BEEN
USEFUL FOR THE TEN PROVINCIAL PREMIERS TO BE "ON CAMERA"
TO DEMONSTRATE TO THE CANADIAN PEOPLE THE SERIOUSNESS
AND COMPLEXITY OF THE CANADIAN ENERGY SITUATION.

2. ASKED WHAT THE NEXT STEPS WOULD BE BY THE FEDERAL
GOVERNMENT, TO EFFECT THE FEDERALLY DESIRED PRICE
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INCREASES, TRUDEAU RESPONDED THAT BETWEEN NOW AND THE

TIME THE PRESENT OIL PRICING AGREEMENT EXPIRES AT THE END OF JUNE, BOTH HE AND ENERGY MINISTER MACDONALD WOULD CONDUCT INTENSIVE BILATERAL NEGOTIATIONS WITH THE PREMIERS ON A ONE-TO-ONE BASIS TO DETERMINE IF THE GREAT DISPARITIES IN VIEWS CAN BE NARROWED. IF THROUGH SUCH A PROCESS IT BECOMES APPARENT THAT A NATIONAL AGREEMENT MIGHT BE REACHED, THEN THE PREMIERS WOULD BE RECONVENED IN PRIVATE SESSION IN OTTAWA TO HAMMER OUT ANY REMAINING NARROWLY-DEFINED ISSUES. IF ON THE OTHER HAND, TRUDEAU STATED, IT IS APPARENT THAT SUCH A FURTHER MEETING WOULD BE USELESS, THEN THE GOVERNMENT WILL IMPOSE OIL AND GAS PRICE INCREASES UNDER THE APPLICABLE PROVISIONS OF THE PETROLEUM ADMINISTRATION ACT LEGISLATION WHICH HE PREDICTED WILL HAVE BEEN ENACTED BY THE PARLIAMENT BY THAT TIME.

3. TRUDEAU ACKNOWLEDGED THAT THIS PRESENT UNCERTAINTY ABOUT FUTURE PRICE INCREASES MIGHT EXTEND THROUGH JUNE AND COULD CAUSE SOME SLIPPAGE IN PREPARATION OF FINANCE MINISTER'S PLANNED MAY BUDGET SUBMISSION TO DEAL WITH THE CURRENT CANADIAN ECONOMIC MALAISE.

4. EMBASSY COMMENT: A FEDERALLY-IMPOSED ENERGY PRICE INCREASE MIGHT IN FACT APPEAL TO A NUMBER OF PREMIERS WHO COULD THEN POINT THE FINGER AT OTTAWA FOR THE INCREASED COSTS TO THEIR ELECTORATES. THIS MIGHT BE PARTICULARLY TRUE IN THE CASE OF ONTARIO WHERE PREMIER DAVIS COULD PERHAPS USEFULLY TURN SUCH FEDERAL ACTION TO HIS POLITICAL ADVANTAGE IN AN ELECTION WHICH HE IS EXPECTED TO CALL LATER IN THE YEAR. FURTHERMORE, INASMUCH AS OTTAWA AND ALBERTA SEEM FOR ONCE TO BE ON THE SAME WAVE LENGTH AS REGARDS THE NEED FOR PRICE INCREASES, PREMIER LOUGHEED COULD AVOID NATIONAL ONUS FOR THE RESULTING INCREASES WHICH WOULD COST THE AVERAGE CANADIAN FAMILY AN ADDITIONAL SEVERAL HUNDRED OR MORE DOLLARS EACH YEAR. SOME PROVINCIAL REPS PRIVATELY TOLD EMBASSY THAT CONFERENCE WAS ATTEMPT BY TRUDEAU AND GOC TO SHARE SOME OF THE BLAME FOR PRICE INCREASES WITH PROVINCIAL LEADERS, MOST OF WHOM (7 OF 10) ARE FROM OTHER THAN LIBERAL PARTY. RIGIDITY OF

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PROVINCIAL POSITIONS REFLECTS RELUCTANCE TO BE TARRED WITH THIS BRUSH. PORTER

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Message Attributes

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